

UNITED REEF LIMITED

QUARTERLY REPORT
FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004

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REPORT TO SHAREHOLDERS

Dear Shareholders:

During the quarter Exsics Exploration Limited (“Exsics”) of Timmins, Ontario completed a second Time Domain Induced Polarization (“IP”) survey and a Ground Magnetic survey on the Nickel Offsets property, Sudbury area, Ontario. A previous IP survey had been carried out in the Fall of 2003. Exsics acquired an additional 8.8 line kms of resistivity and chargeability data over 15 reconnaissance grid lines across portions of the Foy Offset quartz diorite – quartz diorite breccia dike which traverses the property. A pole-dipole configuration was used for the survey with a dipole separation of 50 metres and readings to 6 dipole separations. Readings were acquired every 50 metres along each survey line. Exsics also acquired 20.6 line kms of ground magnetic data covering the entire exploration grid over the patented claims to provide additional control for the interpretation of the IP data. In total chargeability and resistivity data from 23 grid lines covering 15.7 line kms was acquired from the two IP surveys.

The Company’s consulting geophysicist, Garth Burton, P. Geo. of Aulâk Inc., has interpreted from the new IP data several chargeability anomalies which appear to be located on the hangingwall side of the Foy Offset dike and outside of the former mine workings. The location of anomalies is consistent with the location of previously mined ore lenses which were also situated on the hangingwall side of the dike. The Company is currently planning a drilling program to test the Ni, Cu and precious metal potential of the IP anomalies and extensions of previously mined ore lenses.

A description of the interpreted anomalies is provided in the Company’s press release of April 12, 2004. A map showing the location of the interpreted anomalies from the two IP surveys is posted on the Company’s website at www.unitedreef.com.

The Company announced on March 23rd that it had engaged Union Securities Ltd. to act as Agent to place the balance of 4,139,750 Units in the Company’s private placement offering at \$0.10 per Unit. The offering is being made on a best efforts basis by the Agent. Closing of the offering will take place on Monday, May 3, 2004.

We are sad to report to you on the recent death of Michael W. Pickens, one of the Company’s directors since May 1999. His advice has helped to guide the Company through a difficult period. Michael spent his working career in various aspects of the junior exploration and finance businesses. His vast knowledge of the exploration industry has been of tremendous benefit to the Company and he has been a great inspiration to management. His contribution will be sadly missed. We extend our condolences to his wife, daughter and family.

On behalf of the Board of Directors we thank the shareholders for their continuing support of the Company.

“Signed”

Michael D. Coulter
President

April 29, 2004

UNITED REEF LIMITED**Balance Sheet**

(Expressed in Canadian dollars)

	February 29, 2004	November 30, 2003
	(unaudited)	(audited)
ASSETS		
Current		
Cash	\$ 72,396	\$ 165,983
Prepaid expenses and sundry receivables	21,073	6,221
	<u>93,469</u>	<u>172,204</u>
Investment in AXMIN Inc.	20,833	20,833
Investment in exploration properties	153,074	125,589
	<u>\$ 267,376</u>	<u>\$ 318,626</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
Due to a related party (Note 3)	\$ 20,964	\$ 14,987
	<u>33,724</u>	<u>80,166</u>
	<u>54,688</u>	<u>95,153</u>
SHAREHOLDERS' EQUITY		
Capital Stock (Notes 4 and 5)		
Authorized: Unlimited common shares without par value		
Issued: 43,622,453 (2003 - 39,262,203)	17,563,583	17,513,583
Deficit	<u>(17,350,895)</u>	<u>(17,290,110)</u>
	<u>212,688</u>	<u>223,473</u>
	<u>\$ 267,376</u>	<u>\$ 318,626</u>

See accompanying notes to the financial statements.

UNITED REEF LIMITED
Statement of Operations and Deficit
(Expressed in Canadian dollars)
(unaudited)

For the three months ended	February 29, 2004	February 28, 2003
Revenue	\$ -	\$ -
Expenses		
Administration	\$ 37,829	\$ 19,769
Insurance	3,544	3,425
Shareholder information and filing fees	1,100	16,006
Transfer Agent	804	5,312
Legal	4,004	16,091
Advertising	252	2,621
Loss before the following	(47,533)	(63,224)
Write off of exploration and research expenditures	(13,252)	(7,570)
Gain on sale of AXMIN shares	-	58,379
Gain on settlement of debt	-	18,342
Net income (loss) for the period	(60,785)	5,927
DEFICIT, beginning of the period	(17,290,110)	(17,377,809)
DEFICIT, end of the period	\$ (17,350,895)	\$ (17,371,882)
Income (loss) per share for the period	\$ (0.00)	\$ 0.00

See accompanying notes to the financial statements.

UNITED REEF LIMITED**Statement of Cash Flow**

(Expressed in Canadian dollars)

(unaudited)

For the three months ended	February 29 2004	February 28 2003
Operating activities		
Net income (loss) for the year	\$ (60,785)	\$ 5,927
Write off exploration and research expenditures	13,252	7,570
Gain on sale of AXMIN shares	-	(58,379)
Gain on settlement of debt	-	(18,342)
	<u>(47,533)</u>	<u>(63,224)</u>
Non-cash items:		
Prepaid and sundry receivables	(14,864)	(4,334)
Accounts payable and accrued liabilities	5,989	28,121
	<u>(56,408)</u>	<u>(39,437)</u>
Investing activities		
Proceeds on sale of AXMIN shares	-	85,743
Expenditures (recoveries) on resource properties	(27,485)	(22,297)
Expenditures on exploration and research	(13,252)	-
	<u>(40,737)</u>	<u>63,446</u>
Financing activities		
Issuance of common shares	50,000	-
Decrease in loan payable to a related party	-	(25,040)
Decrease (increase) in amounts due to a related party	(46,442)	3,234
	<u>3,558</u>	<u>(21,806)</u>
Change in cash	(93,587)	2,202
CASH, beginning of period	165,983	22,048
CASH, end of period	\$ 72,396	\$ 24,250

See accompanying notes to the financial statements.

Notes to the Financial Statements

For the three-month periods ended February 29, 2004 and 2003 (unaudited)

1. *Nature of Operations*

United Reef Limited (the "Company") is a Canadian mineral exploration company, which is presently evaluating a past producing nickel-copper property in the Sudbury area, Ontario.

2. *Accounting Policies*

These interim financial statements should be read in conjunction with the Company's year-end audited financial statements. The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principals and follow the same accounting principals and methods of application as disclosed in Note 2 of the Company's audited financial statements for the year ended November 30, 2003.

3. *Due to a Related Party*

During the period, the Company incurred expenses in the amount of \$29,782 for rent, accounting, secretarial and administrative services and management fees provided by M.D. Coulter & Associates Inc. ("MDC"). MDC is a private company owned by the President and Secretary of the Company. The Company was indebted to MDC for \$33,724 at February 29, 2004.

On February 16, 2004 the Company issued 500,000 common shares valued at \$0.10 per share to MDC in partial settlement of management fees owing for the services of the President provided to the Company during the period September 1, 2002 through November 30, 2003. Details of this transaction were disclosed in Note 9(b) to the Company's audited financial statements for the year ended November 30, 2003.

4. *Capital Stock*

As of April 28, 2004, the only securities of the Company outstanding, that may be converted, exercised or exchanged for voting or equity securities of the Company, are 1,930,124 warrants which are each exercisable into one common share of the Company at \$0.15 per share and 2,400,000 stock options to acquire common shares at \$0.15 per share until December 3, 2006. See Note 5 - *Subsequent Event* below.

5. *Subsequent Event*

On March 23, 2004 the Company announced that it had engaged Union Securities Ltd. to act as United Reef's agent, on a best efforts basis, to raise gross proceeds of up to \$413,975 through a private placement of up to 4,139,750 Units at \$0.10 per Unit. Each Unit will consist of one common share plus one-half of one common share purchase warrant. Each whole common share purchase warrant will entitle the holder to purchase a common share of the Company at a price of \$0.15 for a period of eighteen months following closing. Closing of the Offering, which was originally scheduled for March 31, 2004, has been extended to May 3, 2004.

The offering represents the unsubscribed Units from the private placement offering announced by the Company on December 19, 2002, in conjunction with its plan of re-activation. Previous closings under the offering took place on March 6 and June 16, 2003.

The net proceeds of the private placement will be used in part to fund ongoing exploration of

the Nickel Offsets property located 40 kms northwest of Sudbury, including a diamond drilling program currently being planned to test the Ni, Cu, and precious metal potential of the property. The balance of the net proceeds will be used for general corporate purposes.

In consideration of its services the agent will receive a commission in the amount of 8% of the gross proceeds from the sale of the Units, and non-transferable warrants (the "Agent's Warrants") equal to 10% of the total number of Units sold in the private placement. Each Agent's Warrant entitles the holder to purchase one Unit at a price of \$0.10 for a period of 18 months following closing. The agent will also be paid a corporate finance fee by the issue of 100,000 common shares of the Company and an additional 100,000 common shares if the offering is fully subscribed.